



House Insurance Committee Testimony

Governor Snyder's recommendations to amending PA 350 of 1980 and the Insurance Code of 1956

Senate Bills 1293 & 1294

November 13th, 2012

Honorable Chairman Lund and members of the House Insurance Committee, thank you for allowing me to testify in support of Governor Snyder's plan to modernize our state's health insurance market, by way of Senate bills 1293 & 1294, sponsored by Senator Joe Hune. My name is Bonnie Bochniak and I am Vice-President of both the Michigan Business and Professional Association (MBPA) and the Michigan Food and Beverage Association (MFBA), both groups representing over 20,000 small businesses statewide. We pride ourselves in directly connecting with our members to get the best understanding of their business concerns and making their business better.

As our small-business members have said repeatedly, their Number One concern is the rising cost of health care. For our member businesses, Gov. Snyder's proposal and Senate Bills 1293 and 1294 provide an opportunity for us to constrain costs, which must be the goal of any reforms to health insurance. Michigan businesses are proud to have been involved in these important conversations.

We support Governor Snyder's plan to convert Blue Cross Blue Shield of Michigan (BCBSM) to a mutual insurance company. All health insurers should be regulated under the same code and play by the same rules. We know that once you level that playing field, it will by nature, force insurance carriers to compete for customers by holding down costs and improving quality. It is important that our business owners and their employees above all, have quality care and choices, when selecting their healthcare plans. They need to know that their healthcare costs will be contained, and not face a skyrocketing healthcare premium the next time they renew.

It is time that Michigan should update its insurance regulatory system. With a streamlined system, insurance companies can concentrate on efforts businesses care about, and that is reducing healthcare costs. When it comes to health care, our state's regulatory environment is burdensome and complicated. This proposal would simplify those insurance regulations to save both time and money. We support what reduces cost for the business community wholeheartedly.

We are also encouraged that this proposal also establishes a Michigan Health and Wellness Foundation: a 1.5 billion dollar investment from BCBSM over the period of 18 years for the health of Michigan's people. Our Associations are strong proponents of Wellness initiatives and see the tremendous benefits they provide. We feel the Blues can help those that need help the most, and feel that the 1.5 billion dollar investment is more than enough to use for this purpose.

We also want to make clear that we believe this \$1.5-billion investment is a fair amount. Michigan small businesses and our employees are watching this figure closely so that any change to this amount does not result in higher premiums and costs for businesses and families.

Here's the bottom line: The small business community needs cost containment, and healthcare is one area where we face an uphill struggle.

In addition, this proposal will significantly restructure the Medigap subsidy, eventually eliminating the "tax" Blue Cross' small business and individual customers currently pay to subsidize other lines of insurance coverage, notably Medigap. This tax costs the business community and individuals more than \$200 million a year. Savings to small business can be reinvested back into the Michigan economy, and that's why restructuring Michigan's broken health insurance system is critical.

As this committee is aware, we as a state have been talking about fixing Michigan's outdated, burdensome health insurance regulations for more than a year now. Our associations are proud to stand with other business organizations, their employees, as well as Michigan Attorney General Bill Schuette, who have voiced support for these reforms.

The Michigan Senate has done its job. We encourage the House to take action and provide real relief to tens of thousands of Michigan small businesses and the many people they employ and cover.

In closing, speaking on behalf of our over 20,000 small business members, we appreciate your deliberate approach, and will continue to provide input when needed. We look forward to further dialogue as we see this as an important move on Michigan's strong path to resurgence and economic strength. Thank you for your time today.